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USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: HAECO Limited

REF: A) USDOC 06263 B) EXP.LIC. D366543 C) HK 03591 D)
HK 07053

11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), conducted a pre-license check at Hong Kong Aircraft Engineering Company Limited (HAECO), 80 South Perimeter Road, Hong Kong International Airport, Lantau Island, Hong Kong (more information at www.haeco.com). The purpose of the visit was to determine the suitability of HAECO to be the recipient of a Honeywell inertial reference unit that is the subject of export license application D366543. The item (ECCN 7A103) is valued at USD \$78,000 and is controlled for missile technology reasons (MT). The license applicant is General Electric, acting through the Memphis Group of Memphis, TN, a major supplier of used and surplus avionics equipment (www.memphisgrp.com).

13. HAECO is a longstanding Hong Kong company providing comprehensive aeronautical engineering services to airlines/operators since 1950 and was the subject of a favorable check referenced in reftel C. Related company, Hong Kong Aero Engine Services Limited (HAESL), was the subject of a separate favorable check referenced in reftel D. Other related companies provide additional aircraft overhaul and support services in Hong Kong and mainland China.

14. On November 29, 2006, the ECO visited HAECO at the address above and met with Simon Leung, Project Manager. He stated that HAECO needed the item to service Boeing aircraft operated by start-up airline "Oasis Airlines" pursuant to HAECO's asset management agreement with that company. The item will be held as a spare for two Boeing 747-400 aircraft presently being used by Oasis (Hong Kong registration numbers B-LFA, B-LFB and MSN numbers 24063 and 24065). Oasis is acquiring two additional aircraft (Hong Kong registration numbers: B-LFC and B-LFD) for which HAECO may need an additional inertial reference unit in the future.

15. Leung stated that the item would be dedicated to Oasis planes and would be well secured. Mr. Leung was quite familiar with the controlled nature of the item

and the need to comply with U.S. and Hong Kong laws applicable to the item.

¶6. At the time visited, HAECO appeared to be a suitable recipient of the subject controlled item since it cooperated fully with the PLC and provided substantial information on HAECO's proposed use of the item in Hong Kong. In addition, HAECO operates a line a business that is consistent with the potential use of the ordered item. The ECO recommends that this PLC be classified as Favorable.

Cunningham